



## Committee on Public Works & Utilities and the Northampton City Council

### Committee Members:

*Councilor Jesse M. Adams*

*Councilor Dennis P. Bidwell*

*Councilor William H. Dwight*

*Councilor David A. Murphy*

### MEETING MINUTES

**Date: February 29, 2016**

**Time: 7:00 pm**

**Location: City Council Chambers  
212 Main St., Northampton, Massachusetts**

**1. Meeting Called to Order and Roll Call:** At 7:00 p.m. Councilor Bidwell called the meeting to order. Present were: Councilors Adams, Bidwell, Dwight and Murphy. Also present from the city council were Councilors LaBarge O'Donnell and Sciarra. Councilor Klein arrived at 8:00 p.m.

**2. Public Comment:** Mr. Fred Zimnoch made a statement during the general public comment period. He indicated that surrounding communities have lower water and sewer rates than Northampton. He hopes that the new system is transparent. He suggested that the new approach highlight the single value rate compared to other values that were paid prior to the two-tiered system.

### **3. Election of Committee Chair and Vice-Chair**

Motion to open the nominations for Chair made by Councilor Dwight and seconded by Councilor Adams. The motion was approved on a voice vote of 4 Yes, 0 No.

Nominated: Councilor Bidwell by Councilor Dwight; seconded by Councilor Murphy  
Councilor Adams by Councilor Bidwell; seconded by Councilor Dwight

Councilor Dwight withdrew his nomination for Councilor Bidwell upon learning that Councilor Adams would accept the position as committee chair if elected to do so by the committee.

Motion to close nominations for Chair made by Councilor Dwight and seconded by Councilor Murphy. The motion to close nominations was approved on a voice vote of 4 Yes, 0 No.

Councilor Adams was elected as committee chair on a voice vote of 4 Yes, 0 No. He took over as the presiding officer of the meeting upon election.

Motion to open the nominations for Vice-Chair made by Councilor Dwight and seconded by Councilor Bidwell. The motion was approved on a voice vote of 4 Yes, 0 No.

Nominated: Councilor Bidwell by Councilor Dwight; seconded by Councilor Murphy

Motion to close nominations for Vice-Chair made by Councilor Dwight and seconded by Councilor Murphy. The motion to close nominations was approved on a voice vote of 4 Yes, 0 No.

Councilor Bidwell was elected as committee Vice-Chair on a voice vote of 4 Yes, 0 No.

#### 4. Approve Committee Schedule for 2016

Councilor Murphy moved to approve the committee schedule for 2016; Councilor Bidwell seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No. The committee approved the following dates for 2016:

- February 29, 2015
- March 28, 2016
- April 25, 2016
- May 23, 2016
- June 27, 2016
- July 25, 2016
- August 22, 2016
- September 26, 2016
- October 24, 2016
- November 28, 2016
- December 20, 2016

#### 5. Items Referred to Committee

- **16.026 Petition from Northampton Residents to accept Bottums Road as a Public Way - Referred to Committee on 2/4/2016**
  - Councilor Dwight moved to postpone discussion on this item until a public hearing is held by the Public Works commission. Councilor Murphy seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No. This event is scheduled for March 23, 2016 at the intersection of Clement and Bottums Road @ 5 p.m.
- **16.030 An Order to Establish Water and Sewer Rates for FY2017 - Referred to Committee on 2/18/2016:** Councilor Adams announced that a public hearing was planned for this evening regarding the order submitted by Mayor Narkewicz in which he proposed new water and sewer rates for FY2017. The order proposed a two-tiered model for water fees and a single-tiered model for sewer fees. The Mayor and Acting DPW Director James Laurila were on hand to give a presentation about the new system and to answer any questions pertaining to Northampton Water / Sewer.

Motion to open public hearing made by Councilor Murphy and seconded by Councilor Dwight. The motion was approved on a voice vote of 4 Yes, 0 No.

Mayor Narkewicz reminded the committee about the history of establishing water/sewer rates. In November 2014, the City Council adopted the Administrative Order to re-organize the city government. This change brought about the change of rate setting authorization from the Board of Public Works to the Mayor and City Council.

In March of 2015, a public hearing was held regarding the FY2016 proposed rate increase; as a result of that public hearing, the Mayor froze water/sewer rates for the FY2016 timeframe. At that time the Mayor promised to research alternative rate structures, conservation incentives, and rate relief for eligible low income residents. This also gave the DPW time to finalize and hold public forums on two asset management plans that they were in the process of completing: the Comprehensive Waste Water Asset Management Plans and the Water Supply System Assessment Management Plan. These two studies would help the city better understand capital requirements for the next several years.

The city contracted with Raftelis Financial Consultants, INC and Woodcock & Associates to study water and sewer rates. They were commissioned to assess the appropriateness of the city's current rates structures in comparison to the city's stated objectives. Those objectives were: to promote conservation; provide assistance to economically disadvantaged customers, improve equity among customer types and to enhance revenue stability. The contracted firms were also asked to develop a forecast of water and sewer rates to fund all current and future operating and capital needs while still maintaining the stated objectives.

Acting DPW Director James Laurila reviewed the capital needs for both water and sewer programs:

**Water Capital Needs include:**

**FY2017**

Watershed land acquisition: \$200,000

Granular Activated Carbon : \$80,000 (Water treatment plant – 5-year replacement schedule)

Waterline Replacement: \$1,600,000

- Conz/North Farms/North Maple/Day: Design and Construction
- Hinckley Street Construction
- Damon Road waterline Design

**FY2018**

Watershed Land acquisition: \$200,000

Granular Activated Carbon : \$80,000

Waterline Replacement: \$1,200,000

- Damon Construction and other(s)

Design: SCADA controls/dewatering system/sludge pumps/clarifiers/odor control/intermediate pumps

**FY2019**

Watershed Land acquisition: \$200,000

Granular Activated Carbon : \$80,000

Waterline Replacement: \$400,000

**FY2020**

Watershed Land acquisition: \$200,000

Granular Activated Carbon : \$80,000

Waterline Replacement: \$400,000

Ryan/West Whately Dam Repair: \$950,000

**FY2021**

Watershed Land acquisition: \$200,000

Granular Activated Carbon : \$80,000

Waterline Replacement: \$400,000

Ryan/West Whately Dam Repair: \$3,500,000

**Sewer Capital Needs include:**

**FY2017**

Sewer line replacement: \$400,000

- Day Avenue/Hinckley Street

Wastewater Treatment Plant Improvements: \$1,319,000

- Design: Aeration tanks/Disinfection system/flow measurement/electrical

Sewer System Studies: \$200,000

**FY2018**

Sewer line replacement: \$400,000

Sewer System Studies: \$200,000

Wastewater Treatment Plant Improvements: \$3,984,000

- Construction: Aeration tanks/Disinfection system/flow measurement/electrical

**FY2019**

Sewer line replacement: \$400,000

Sewer System Studies: \$165,000

Wastewater Treatment Plant Improvements: \$4,606,000

- Design: SCADA controls/dewatering system/sludge pumps/clarifiers/odor control/intermediate pumps

#### FY2020

Sewer line replacement: \$400,000

Wastewater Treatment Plant Improvements: \$15,720,000

- Construction: SCADA controls/dewatering system/sludge pumps/clarifiers/odor control/intermediate pumps
- Design: Atwood/Island/Burts Pit/Rick pump stations/Mill River wall rehab

#### FY2021

Sewer line replacement: \$400,000

Wastewater Treatment Plant Improvements: \$4,352,000

- Construction :Atwood/Island/Burts Pit/Rick pump stations/Mill River wall rehab

The Mayor reviewed the projected spending profile that was developed by Woodcock & Associates. The information included in the chart is based upon the planned spending each fiscal year as outlined above. Additional slides show projected financial plans for both water and sewer (two separate slides) with projected operating expenses, proposed and existing debt service, and pay-as-you-go capital spending for the next eight years. The projected water revenues necessary to cover the plan show a 2 % increase each year in order to meet the water plan. The projected sewer revenues necessary to cover the plan show a 3% increase each year in order to meet the sewer plan.

The Mayor reviewed the current water rate structure: all customers are charged the same volumetric rate regardless of the type or size of the customer, or the amount of water used. A \$1 fixed charge is assessed per bill. There are no charges for private fire protection charges. The water rate for FY 2015 and FY2016 was \$5.58 per ccf.

The Mayor reviewed the current sewer rate structure: all customers are charged for sewer services based on 100% of metered water consumption, except for a small number of large industrial customers. The FY2016 sewer rate and FY2015 rate was \$6.08 per ccf of metered water consumption.

The key study recommendations from the consultants included providing economic assistance to customers who qualify. Their recommendation suggested this qualification be based on current tax exemption criteria. They suggested that the city create a two-tier water rate structure for small meters. Bills should also include a larger fixed charge and that the city creates new fire protection charges for those with private systems supported by the municipal water system. Finally, the consultant recommendations supported billing a sewer rate at 80% of metered water consumption. The consultants recognized that not all of the water consumed returned to the sewer system.

The Mayor reviewed the water and sewer rates that are currently proposed to the city council:

#### **PROPOSED WATER RATE**

Customers with 1" meter or smaller:

Tier 1 consumption: 0 – 16 CCF \$4.73 per CCF

Tier 2 consumption: >16 CCF \$6.21 per CCF

Customers with meter larger than 1":

All consumption \$6.09 per CCF

#### **PROPOSED SEWER RATE**

Non-metered \$7.52 per CCF based on 80% of metered water consumption

Metered \$7.52 per CCF

In addition to the proposed rates, the Mayor will move forward with the recommendation proposed by the consultants regarding quarterly fixed charges. These rates will be set by the Department of Public Works with the approval of the Mayor. Customers who currently qualify for a low-income exemption on Real Estate or the CPA taxes will also automatically be exempted from this fixed charge on their utility bill. By doing this, the customer's bill will be reduced by an amount that cannot be reduced through conservation.

The current fixed charges (\$1) raise about .54% of revenue; the proposed new fixed charges will generate about 2.01% of revenue. The quarterly fixed charge by meter size will be as follows:

Meter Size	Quarterly Fixed Charge
5/8"	\$12.64
3/4"	\$18.96
1"	\$31.59
1.5"	\$63.17
2"	\$101.07
3"	\$189.51
4"	\$315.85
6"	\$631.69
8"	\$1,010.69

In addition to the newly proposed fixed charges, the Mayor said he will adopt a quarterly fire protection charge. The fee amount will again be set by the DPW with approval from the Mayor and will be based upon the diameter of the fire line used to support the fire suppression system. Those affected by the rate include some homes with a non-metered line that provide a high capacity of water used for fire suppression. The rates will be as follows:

Fire Line Diameter	Quarterly Charge
<2"	No Charge
2"	\$10.00
3"	\$25.00
4"	\$60.00
6"	\$170.00
8"	\$360.00
10"	\$645.00

Mayor Narkewicz reviewed what impact the new rates will have on customers. He noted that a water and sewer calculator is available on the city website. A customer would need to input three things: their meter size, whether their bill included sewer charges, and their water usage. All of the information can be found on the customer bill.

Councilor Murphy noted that the proposed rate structure doesn't take into account multi-unit buildings and that there is no multiplier available based on the number of households serviced by a given meter. There won't be, therefore, incentives for residents to take conservation measures. The Mayor recognizes this concern. Councilor Murphy also asked if there was any analysis done regarding the decreasing returns the city might endure due to a successful conservation push by residents. The Mayor indicated that that could be a concern and was one of the reasons that the consultants recommended that the city not rely solely on consumption-based revenue. When asked whether there were separate rates available for agriculture, the Mayor indicated that there were not. Councilor Murphy pointed out that the water/sewer calculator does not include the stormwater charge.

Acting Director Laurila indicated that in the case of larger multi-family buildings, there needs to be an effort to go through each individual unit and put in place water conservation tools, such as aerators on showers. In the case of older buildings, there might not be space to put in sub-meters.

Councilor Dwight asked if there were savings that could be realized by the city by universal conservation program. Acting Director Laurila indicated that there would not be a lot of savings to the city; however, there might be savings in treatment costs. Councilor Dwight drew the general conclusion that the promoting of conservation efforts would benefit the customer more than it would the city. He reports that consumption rates have been declining in the last several years.

Councilor Bidwell asked whether consideration had been given to higher fixed fees; the Mayor indicated that he would like to see what happens as a result of the changes he is looking to implement; the DPW

will be re-visiting the model each year. It was clear, based on the \$1 fee, the fixed costs had not been looked at in several years. The Mayor reports that the fire protection charges will generate about \$100,000 per year, which is not significant. The more important element is to build equity and stability into the model.

The projected cost associated with updating the treatment plant is to comply with regulatory requirements.

Acting Director Laurila pointed out that the pipes that carry water for the fire suppression system need to be bigger to carry the necessary amount of water in order for the system to work. Some of the pipes identified in the asset management program are too small and when scheduled to be replaced, they will be replaced with appropriate sized piping. While the water may never be used, the pipes still need to be the right size to carry the necessary amount of water. He points out that the industry standard is to replace 1% of water lines per year; the city is not currently at that level.

Councilor Adams asked about the \$6.09 flat fee for customers with a meter size >1" as outlined on the order sent to the city council. Mayor Narkewicz indicated that this refers to the fact there is no tiered rate structure for customers who fall into the category of a meter size of >1" due to the fact that there was not enough of a diversification of users in that group to have multiple tiers. Acting Director Laurila indicated that it was his understanding that generally these were commercial customers and there is no definition of what wasteful use is; on the two-tiered side, the lower rate is considered conservation rate, but on the commercial side there is no way to define what the wasteful use would be. There is, however, an economic driver not to waste water on the commercial side. Councilor Adams pointed out that a commercial user with a meter size under 1" would be subject to a two-tier rate system. In his opinion, this did not seem to make sense. The Mayor indicated that unfortunately, there were not commercial vs. residential meters, only different size meters.

Mr. William Golaski of 68 Golden Drive stated that he holds a plumbing license in the state of Connecticut and that he has been involved in the water industry for over 30 years. He stated that the water land acquisition plan for \$1,000,000 as defined in the slides seems excessive. The current reservoirs in the city, he assumes, work and that there is no need to expand them. On top of the acquisition, there is always the need to maintain the land which will add costs to the city's budget. Regarding the 1" line, he points out that most new construction with multiple bathrooms have lines greater than 1" and will therefore require a bigger meter. He also indicated that the size of the pipe is not always an indicator of the meter size. He also thought that the 16 ccf was low for the lower tier. Regarding the fire suppression, the \$10 fee seems low and as a result puts the burden on the citizens of Northampton. He recalled that the city council indicated it wanted to make the city a more affordable place to live. He doesn't see how this new tiered structure accomplishes that goal. The water and sewer rates for the city are double what they are in other communities; this is not encouraging to young families and senior citizens who want to move into or stay in our community. Mr. Golaski indicated that the water and sewer rates for Northampton were approximately double the rates in Easthampton (water=\$2.80/sewer=4.25) which is one town over. On top of these higher fees the city has a stormwater fee and as far as he knew the stormwater runoff and the sewer water all used the same lines. Excessive conservation will lead to lack of revenue for the city which will lead to a need to increase water/sewer rates in the city. He believes that the second rate proposed as part of the two-tier rate structure is discriminatory toward larger families. He believes that the city is moving too fast to work on projects that should have been taken care of a long time ago; city infrastructure is just one example. The DEP suggests that an average person should use 65 gallons of water per day. Through 2008 – 2011 the city average was 60 gallons of water per day, well below the suggested amount. In his research, he has not determined that there is a water shortage; the reservoir water levels seem to be stable. A lot of other cities allow an agriculture meter.

Mayor Narkewicz pointed out that everyone who qualifies for the two-tier system will be paying the lower rate for the first 16 ccf of water usage.

Councilor Murphy pointed out that water restrictions in the summer don't have anything to do with the reservoir level, but rather the level of the Mill River. Acting Director Laurila indicated that the state uses the Mill River level and is based on the Water Management Act Plan that the city has. He does not understand why the state has chosen the Mill River water level for Northampton. Before that measure



was in place in the water management act plan, the city used to base the restriction on water levels of the reservoir. The DEP policy statewide is driven on being conservation minded. The goal set by the DEP is for all public water supply users to be conservation minded. By being conservation minded, we are drawing less water from the environment for human and commercial use and we are allowing more water to remain in the rivers and streams.

Mr. Arnie Levinson lives at 14 Hancock Street in Northampton. He is also the owner of Pine Street Café in Florence. He notes that there has not been any mention of the impact of increased water rates on businesses. He feels this should get some level of attention. He makes note of a lot of empty store fronts, and while these aren't directly attributable to the water/sewer rates, continuing to increase costs for businesses will hurt businesses in the long run. For him to cover the water/sewer costs will require selling the equivalent of 700 doughnuts. This doesn't include the cost of materials or labor. He feels that the impact of increased water rates on businesses needs to be examined.

Mr. Fred Zimnoch, Ward 3, notes that the Mayor stated that water rates would increase 2% per year and that sewer rates would increase at 3% per year. If we are really concerned about making the city affordable, the water rates should be compared to other cities or towns.

Acting Director Laurila points out that the city has a very complex water system. The three main water supply reservoirs are not in the city. They are in Conway, Whately and Williamsburg. We have surface water supply which means there are dams and waterways in which the city is responsible for maintaining. We take the water from other communities, deliver it to a treatment plant in Haydenville, and then deliver the water to the city using transmission lines that come from another town. Some of the water supply distribution system in place today dates back to 1870. This entire system is more complex than those in other communities which might use wells or water tanks as water distribution methods. Use of these other methods usually results in lower costs. A lot of neighboring communities are not as forward thinking as Northampton in terms of how the city maintains its infrastructure. There is good effort on the part of the city to make the water and sewer system sustainable. With the 2 & 3% rate increases projected for water & sewer, Acting Director Laurila feels that the city is doing the very best it can to maintain the system adequately. The projects that are the most critical are the ones that are the focus of the DPW capital plan. Other communities have yet to do an asset management plan for their water & sewer systems and therefore have no plan in place for the infrastructure that they have. The state is pushing other communities to draft such a plan. A few years ago the state did a study to figure out what the funding gap was to address water and sewer systems needs across the state. The study found that a vast majority of the communities are not planning appropriately to upgrade their water and sewer systems and they are also not funding them. One of the needs that was identified in the report was the need for more state infusion of grant money for water and sewer systems. A part of that was predicated on communities stepping up to make sure that water and sewer rates were in line with reasonable goals for local funding before the state will provide money for water/sewer systems.

Councilor Dwight noted that under Mayor Ford, the city was able to secure a number of deferments to build a water treatment plant from the DEP due to the fact that the city was acquiring land for the watershed. The city was still able to maintain high water quality during that time period. Once the standards became more stringent by the state, the city was no longer able to hold off on building the water treatment plant costing \$26 million. Once it was decided that the treatment plant needed to be built, the plan was to incrementally increase water/sewer rates to help pay for the plant allowing the city to borrow less money.

Wes Hardy of 19 Mark Circle had a question about the combined water/sewer rate. When looking at the 3 ccf cost vs. the 9 ccf cost, it seemed to him that the 3 ccf rate was higher. This was explained by the Mayor that this was due to the same fixed charges applied to each bill. He also questioned the logic of increasing water and sewer rates over time - projected to be 2 and 3 % respectively, and the impact that conservation measures might have on the projected revenue. If water rates increase say 2% but water consumption is reduced through effective conservation by the public, then the overall projected revenue as depicted on the slides is unrealistic.

Councilor Murphy asked the Mayor to show at about which point the city can expect to bond. The Mayor indicated that rates are currently low and may be incentive for the city to bond in the near future. The

capital improvement program that will be submitted to City Council in the near future will also show debt schedule. Bonding at the right time in a project lifecycle can save the city tremendous amounts of money.

Councilor Dwight indicated that the City Council will only be approving the proposed consumption rates, not the fixed charges.

Mr. David Herschips of 22 Warburton Way suggest that there may be a way for the city to make use of revenue bonds secured by the water and surcharges for the proposed projects instead of the general obligation bonds that are historically used by the city. The payment obligations could be stretched to 30 years instead of the standard 20 years for the general obligation bonds. Mayor Narkewicz indicated that the city works with Bond Counsel who will look at all the possible ways the city can borrow money. The Mayor is not sure if the city is eligible for revenue bonds, but he will investigate. He also commented that through the state there is a revolving fund in which communities can borrow at very low interest rates.

Mr. Zimnoch suggested that if the city is concerned about affordability, the perhaps it might be worthwhile to compare the city's rates to those other communities with complex water/sewer systems described by Acting Director Laurila.

Mr. Golaski noted that water restrictions in the summer are triggered by a drought advisory in the Mill River. So when water consumption could be at their highest, the city might be experiencing a water ban. Surrounding towns don't experience the same bans that there are in Northampton. The stream trigger is used a lot in Northampton; this doesn't seem to make sense.

At this point, Councilor Adams asked for a discussion whether to keep the public hearing open. Councilor Dwight suggested that if the committee did so, it would be to gather more information or to promote further discussion. He has not heard anything tonight that would suggest keeping the public hearing open.

Councilor Murphy said he was surprised that there were not more people present. Councilor Adams suggested that perhaps this might be a reason to keep the public hearing open. Councilor Dwight indicated that he doesn't know if another public hearing would get more information.

Councilor Murphy offered that the Public Hearing could be continued to the Committee on Finance. He requested that the Mayor show what the projected costs might be if the second tier were 20 ccf vs. 16 ccf. He was interested in knowing how this might affect the revenue stream. Will this affect the cash flow in a measurable way?

Councilor Bidwell asked whether it would be possible to see how the proposed rates might affect commercial users. The Mayor indicated that he will provide examples at the public hearing the will be held during the Committee on Finance.

Motion to close public hearing made by Councilor Dwight and seconded by Councilor Bidwell. The motion was approved on a voice vote of 3 Yes, 1 No (Councilor Murphy).

Councilor Dwight moved to send the order back to the full city council with no recommendation; Councilor Bidwell seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

**6. New Business: None**

**7. Adjourn: At 9:10 pm Councilor Dwight moved to adjourn the meeting; Councilor Murphy seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No.**

*Prepared By:*

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